

WORLD TRADE ORGANIZATION

WT/REG/8
11 October 1999

(99-4279)

REPORT (1999) OF THE COMMITTEE ON REGIONAL TRADE AGREEMENTS TO THE GENERAL COUNCIL

Chairman: Mr. Krirk-Krai Jirapaet (Thailand)

I. INTRODUCTION

1. The terms of reference of the Committee on Regional Trade Agreements (CRTA) are:

- "(a) to carry out the examination of agreements in accordance with the procedures and terms of reference adopted by the Council for Trade in Goods, the Council for Trade in Services or the Committee on Trade and Development, as the case may be, and thereafter present its report to the relevant body for appropriate action;
- (b) to consider how the required reporting on the operation of such agreements should be carried out and make appropriate recommendations to the relevant body;
- (c) to develop, as appropriate, procedures to facilitate and improve the examination process;
- (d) to consider the systemic implications of such agreements and regional initiatives for the multilateral trading system and the relationship between them, and make appropriate recommendations to the General Council; and
- (e) to carry out any additional functions assigned to it by the General Council."¹

2. At its first meeting in 1999, the CRTA elected Mr. Krirk-Krai Jirapaet (Thailand) as Chairman of the Committee. Mr. Chul-Ki Ju (Korea) continued to serve as Vice-Chairman until his departure from Geneva in Summer 1999. The two other Vice-Chairmen were Mr. Guillermo González (Argentina) and Mr. Andrew Stoler (United States).

3. During 1999, the Committee held four sessions, each including examinations of some individual regional trade agreements (RTAs) and discussions of systemic and general matters (see Attachment 1). A number of informal consultations have also been held, in an effort to reach conclusions on agreements under review.

¹ Document WT/L/127, paragraph 1. The footnote attached to that paragraph is not reproduced here.

II. OBSERVER STATUS

1. The Committee agreed to grant observer status in the CRTA to the Latin American Integration Association (LAIA), on an *ad hoc* basis. Definitive decisions on the requests for observer status listed in document WT/REG/W/11/Add.1 will be made in accordance with the guidelines to be defined by the General Council.

III. EXAMINATION OF REGIONAL TRADE AGREEMENTS

1. To date, 118 RTAs have been notified to the GATT/WTO: 93 under GATT Article XXIV; 14 under the Enabling Clause;² and eleven under GATS Article V. The Committee has currently under review a total of 72 agreements.³ The examination of 64 of these agreements has been referred to the Committee by the Council for Trade in Goods (CTG), seven by the Council for Trade in Services (CTS) and one by the Committee on Trade and Development (CTD). Draft reports on the examination of 30 agreements are currently under consideration; for 31 other agreements, reports are being drafted or factual examinations are currently underway. There are eleven RTAs for which factual examination has not yet started⁴ (see Attachment 2).

2. In the context of the examination of 41 individual agreements, the Committee also considered the System of European Cumulation of Origin, which modified or replaced earlier rules of origin provisions in those agreements.

3. At the 23rd Session of the CRTA, held in July 1999, the Chairman stressed the urgency of completing the reports on the examination of 30 RTAs for which the drafting process was already engaged. The drafting of six of these reports made progress during 1999, but the Committee has so far been unable to finalize any of them.

IV. REPORTING ON THE OPERATION OF AGREEMENTS

1. To fulfil item 1(b) of its Terms of Reference, the Committee had adopted, on 20 February 1998, recommendations to the CTG, CTS and CTD, later adopted by these three bodies, with respect to how required reporting on the operation of RTAs should be carried out. In order to operationalize the reporting on RTAs notified under GATT Article XXIV, the Committee accepted the Secretariat's proposed timetable for biennial reporting in 1999 (see Attachment 3).

2. By October 1999, the Secretariat had received (and was processing for distribution) the biennial reports of the following RTAs: Caribbean Community and Common Market (CARICOM), Central American Common Market (CACM), Czech Republic-Slovak Republic Customs Union, and European Free Trade Association (EFTA), EFTA-Czech Republic, EFTA-Slovak Republic, and EFTA-Turkey.

² *Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries*, Decision of 28 November 1979.

³ This last figure is not strictly comparable to the total of notified RTAs, since it takes into account agreements of accession to existing RTAs, as well as agreements on trade in services parallel to existing RTAs in the goods area.

⁴ Six RTAs recently notified under GATT Article XXIV are yet to be transmitted to the Committee for examination.

V. PROCEDURES TO FACILITATE AND IMPROVE THE EXAMINATION PROCESS

1. Regarding item 1(c) of the Committee's Terms of Reference, it can be noted that both the "Standard Format for Information on Regional Trade Agreements", in the area of goods, and the "Standard Format for Information on Economic Integration Agreements", in the area of services, have been used by the parties of all RTAs newly referred to the Committee as a preliminary step in the examination process.

VI. SYSTEMIC IMPLICATIONS OF REGIONAL TRADE AGREEMENTS AND INITIATIVES FOR THE MULTILATERAL TRADING SYSTEM AND THE RELATIONSHIP BETWEEN THEM

1. Under item 1(d) of the Committee's Terms of Reference, the Committee made use of Members' written submissions and informal papers prepared by the Secretariat (see Attachment 4).

2. In 1999, the work of the Committee under this item was built upon questions raised in written contributions by the delegations of Hong Kong, China and Japan, which attempted to identify the issues that have arisen from the interpretation and application of individual provisions of GATS Article V and considered possible linkages between GATS Article V and GATT Article XXIV. A further submission on GATS Article V by the European Communities and their Member States was circulated on 21 September 1999. Discussions in the Committee focussed primarily on the interpretation of individual provisions in GATS Article V, particularly in regard to the scope of "substantial sectoral coverage" and "substantially all discrimination". Some Members noted that some of these issues were also being considered in the Council for Trade in Services; however, other Members felt that they should be considered in the Committee as part of the systemic debate.

3. At the CRTA's 22nd Session, it was agreed that a synoptic paper would be prepared by the Secretariat, based on the "Checklist of Systemic Issues" (document WT/REG/W/12) and summarising, on a factual basis, the discussion that had already taken place on the issues. A first draft was circulated to Members by the Secretariat on 22 September 1999.

4. As a further contribution to the work of the CRTA, the Secretariat has distributed two updates of the informal paper entitled "Basic Information on Regional Trade Agreements Notified to the GATT/WTO and in Force" (updated on 22 April and 22 September 1999).

VII. FINAL REMARKS

1. The Committee has made substantial headway in the factual examination of a number of RTAs, but has been unable to finalize reports on any of these examinations. Progress in this regard was slowed, *inter alia*, by disagreement among Members on the interpretation of certain elements of those rules relating to RTAs, as well as on procedural aspects. Similarly, the Committee is not in a position to make recommendations to the General Council under item 1(d) of its Terms of Reference.

ATTACHMENT 1

Individual RTAs examined in 1999

Twenty-First Session – 10-11 February 1999

EC-Principality of Andorra	Turkey-Hungary
Hungary-Israel	Turkey-Romania
Israel-Czech Republic	Turkey-Israel
Israel-Slovak Republic	Turkey-Lithuania

Twenty-Second Session – 29-30 April and 3 May 1999

EC-Slovenia (Interim Agreement)	Israel-Slovak Republic
Slovenia-Latvia	Turkey-Hungary
Slovenia-Lithuania	Turkey-Romania
Slovenia-Estonia	Turkey-Israel
EC-Principality of Andorra	Turkey-Lithuania
Hungary-Israel	CEFTA
Israel-Czech Republic	

Twenty-Third Session – 1-2 July 1999

Slovenia-Latvia	Turkey-Hungary
Slovenia-Estonia	Turkey-Romania
Latvia- Czech Republic	Turkey-Israel
Lithuania-Czech Republic	Turkey-Lithuania
Latvia-Slovak Republic	Estonia- Czech Republic
Lithuania-Slovak Republic	Estonia- Slovak Republic
Hungary-Israel	Turkey-Czech Republic
Croatia-Slovenia	Turkey-Slovak Republic
Israel-Czech Republic	EU-Tunisia (Med. Agreement)
Israel-Slovak Republic	Turkey-Estonia

Twenty-Fourth Session – 22 September and 8 October 1999

EC-Slovenia (Interim Agreement)	EC-Principality of Andorra
Latvia- Czech Republic	Croatia-Slovenia
Lithuania-Czech Republic	Estonia- Czech Republic
Latvia-Slovak Republic	Estonia- Slovak Republic
Lithuania-Slovak Republic	EU-Tunisia (Med. Agreement)

ATTACHMENT 2

RTAs for which draft reports on the examination are currently under consideration (30):

ANZCERTA (Services)	EC-Bulgaria IA
EC-Czech Republic IA	EC-Enlargement (Goods)
EC-Enlargement (Services)	EC-Estonia FTA
EC-Hungary IA	EC-Hungary EA (Services)
EC-Latvia FTA	EC- Lithuania FTA
EC-Poland IA	EC-Poland EA (Services)
EC-Romania IA	EC-Slovak Republic IA
EC-Slovak Republic EA (Services)	CEFTA
EFTA-Bulgaria FTA	EFTA-Estonia FTA
EFTA-Hungary FTA	EFTA-Israel FTA
EFTA-Latvia FTA	EFTA-Lithuania FTA
EFTA-Poland FTA	EFTA-Romania FTA
EFTA-Slovenia FTA	Iceland-Faroe Islands
NAFTA (Goods)	NAFTA (Services)
Norway-Faroe Islands	Switzerland-Faroe Islands

RTAs for which reports are being drafted or factual examinations are well engaged (31):

Canada-Chile FTA	Canada-Israel FTA
Czech Republic-Estonia FTA	Czech Republic-Latvia FTA
Czech Republic-Lithuania FTA	Czech Republic-Turkey FTA
EC-Faroe Islands	EC-P. of Andorra CU
EC-Slovenia IA	EC-Turkey CU
EU-Tunisia Euro-Mediterranean Agr.	European Union (Services)
Israel-Czech Republic FTA	Israel-Hungary FTA
Israel-Slovak Republic FTA	MERCOSUR
Poland-Lithuania FTA	Romania-Moldova FTA
Slovak Republic-Estonia FTA	Slovak Republic-Latvia FTA
Slovak Republic-Lithuania FTA	Slovak Republic-Turkey FTA
Slovenia-Croatia FTA	Slovenia-Estonia FTA
Slovenia-Latvia FTA	Slovenia-Lithuania FTA
Turkey-Estonia FTA	Turkey-Hungary FTA
Turkey-Israel FTA	Turkey-Lithuania FTA
Turkey-Romania FTA	

RTAs for which factual examination has not yet commenced (11):

EC-Palestinian Authority FTA	Faroe Islands-Estonia
Estonia-Latvia-Lithuania FTA	Israel-Slovenia FTA
Kyrgyz Republic-Moldova FTA	Kyrgyz Republic-Russian Fed. FTA
Kyrgyz Rep.- CU Russian Fed./Belarus/Kazakhstan	Kyrgyz Republic-Ukraine FTA
Kyrgyz Republic-Uzbekistan FTA	Slovenia-F.Y.R.O.M. FTA
Turkey-Bulgaria FTA	

ATTACHMENT 3

Schedule for the Submission of Biennial Reports on RTAs in the Course of 1999

Reports due on 15 May 1999 (10)

Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA)
Australia-Papua New Guinea Agreement (PATCRA)
Caribbean Community and Common Market (CARICOM)
Central American Common Market (CACM)
Czech Rep./Slovak Rep. Customs Union
European Free Trade Association (EFTA)
EFTA/Czech Rep.
EFTA/Slovak Rep.
EFTA/Turkey
United States/Israel

Reports due on 15 October 1999 (14)

European Communities (EC)/Algeria
EC/Cyprus
EC/Egypt
EC/Iceland
EC/Israel
EC/Jordan
EC/Lebanon
EC/Malta
EC/Morocco
EC/Norway
EC/Certain Non-European Countries and Territories II (PTOM II)
EC/Syria
EC/Switzerland and Liechtenstein
EC/Tunisia

ATTACHMENT 4

List of Documents on Systemic Issues (1999)

WT/REG/W/34	Communication from Hong Kong, China on "Systemic Issues Arising from Article V of the GATS"
WT/REG/W/35	Communication from the European Communities and their Member States on "Article V of the GATS: Systemic Issues"

Informal Papers

- Non-paper by Japan on "Interpretative Remarks on Article V:1 of GATS", distributed in the 22nd Session of the CRTA on 29 April 1999.
 - Japan's Comments on document WT/REG/W/34, distributed in the 23rd Session of the CRTA on 1 July 1999.
 - Informal Paper by Hong Kong, China on "Systemic Issues Arising from Article V of the GATS", on 28 June 1999.
 - Informal Paper by the Secretariat, "Basic Information on Regional Trade Agreements Notified to the GATT/WTO and in Force", updated on 22 April and 22 September 1999.
-